

**GOVERNMENT OF INDIA
LAW , JUSTICE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:3956
ANSWERED ON:22.03.2001
STATE FUNDING OF ELECTION
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Will the Minister of LAW , JUSTICE AND COMPANY AFFAIRS be pleased to state:

- (a) the recommendations made by the Indrajit Gupta Committee on Election reform;
- (b) whether the Government have examined the feasibility of state funding of elections;
- (c) if so, whether the Government have sought views from the various states, Ministries and Experts in this regard;
- (d) if so, the details thereof; and
- (e) the time by which the recommendations are likely to be implemented?

Answer

MINISTER OF LAW, JUSTICE & COMPANY AFFAIRS AND SHIPPING (SHRI ARUN JAITLEY)

(a) to (e) A Statement containing the gist of the recommendations of the Committee on State Funding of Elections (Indrajit Gupta Committee) is laid on the Table of the House. In this connection, it may be stated that the comments/views of the State Governments/Union territory Administrations and different concerned Ministries/Departments in the Central Government and the Election Commission of India on these recommendations have been solicited and many of them have not so far given their response in this regard. On receipt of their comments/views, these may be discussed with the political parties as part of the process of reform of electoral laws at an appropriate time. The reform of electoral laws is, however, a continuous and ongoing process and can be carried out only through consensus among political parties, which is a time consuming process and, therefore, no time frame for taking a decision/action on the issue can be suggested in this regard. Government, however, intends to continue interaction with the political parties in this regard.

STATEMENT AS REFERRED TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA UNSTARRED QUESTION NO. 3956 22.3.2001.

GIST OF RECOMMENDATIONS OF COMMITTEE ON STATE FUNDING OF ELECTIONS (INDRAJIT GUPTA COMMITTEE)

1. State Funding of Elections: The Committee has recommended, to begin with, only partial State assistance, in kind only in the form of certain facilities, to recognized political parties in a way that it provides them relief not only in carrying out their electoral activities and meeting partly the cost of essential items of electioneering campaigns of their candidates, but also helps them partially in the current administration of their day to day functioning during non-election period. Gradually, more and more of their expenses' burden can be progressively shifted to the State so that ultimately all of their legitimate expenses become a charge on the State. In this respect, the Committee has recommended creation of a separate Election Fund to which the Central Government may contribute at the rate of Rs. 10/- per elector i.e. about Rs. 600/- crores annually. The State Governments also, all taken together, may contribute proportionately Rs.600/- crores annually to the Fund.

In its report, the Committee has also specified the nature of facilities to be provided to the recognized political parties and their candidates at State cost. These include :-

- (I) For recognized political parties :
 - (i) Suitable rent-free accommodation for its headquarter.
 - (ii) One rent-free telephone, with STD facility with a specified number of telephone calls over and above the free calls permitted to any subscriber.
 - (iii) Sufficient free air time on the State owned media; certain additional time on the basis of votes polled; permission to use the allotted time for their propaganda in the manner they like and not necessarily for speeches alone.
 - (iv) Regulation of private channels for fair and balanced presentation of the views of all parties.

(II) For Candidates of recognized Parties:

- (i) Specified quantity of petrol/diesel.
- (ii) Specified quantity of paper for printing.
- (iii) Postal stamps of a certain specified amount.
- (iv) Five copies of electoral rolls in addition to the copies of the rolls presently being provided as per rules.
- (v) For an assembly election, one set of loudspeakers and for a parliamentary election, one set of loudspeakers for every assembly segment, subject to a maximum of six such sets.
- (vi) For an assembly election, one telephone with a specified number of free calls, and for a parliamentary election, at the rate of one telephone for every assembly segment, subject to a maximum of six telephones.
- (vii) On the day of poll, some minimum arrangements may be made for the candidates' camps at each polling station.
- (viii) Supply of refreshments and food packets to the counting agents inside the counting hall.

2. Maintenance of Accounts by Political Parties and Audit thereof:

- (i) Political parties should compulsorily submit their annual accounts regularly to the Income Tax Authorities showing all details of their receipts and expenditure.
- (ii) No political party which has failed to submit its annual return for the previous assessment year under the Income Tax Act should be eligible for any State funding.
- (iii) The Chartered Accountant may be selected by the political party itself. The Income Tax authorities will, however, be free to have a further check by their own agencies of returns submitted by parties.
- (iv) Each party receiving State subsidy should also file a complete account of its election expenditure during an election to the Election Commission in the format prescribed by the Commission.
- (v) All subscriptions, donations received by a party above the amount of Rs.10,000/- should be by means of a cheque/bank draft and should be mentioned in party accounts.

3. Ban on donation by Companies to political parties:

The question whether there should be any ban on donations by companies and corporate bodies for political purposes may be decided by the Government and Parliament in their collective wisdom. Ban on donations by Government Companies for political purposes should continue.

4. Inclusion of expenses of political parties in the Election expenses of candidates for the purpose of ceiling on Election expenses :

The question whether election expenses of political parties and other bodies or associations and individuals should be included or not in the accounts of election expenses of candidates may be decided by the Government/Parliament in their collective wisdom. However, apparent contradiction between the provisions of Section 77(1), Representation of the People Act, 1951 and Section 171H of Indian Penal Code needs to be resolved as the former permits political parties and all other bodies or associations or individuals to make election expenses for any candidate without his authorization whereas the latter prohibits it.

5. Empowering of the Election Commission of India to fix ceiling on Election expenses before every general election.

Periodic revision of election expenses may continue to be done by the Central Government in consultation with the Election Commission of India as at present.